

Message Text

CONFIDENTIAL

PAGE 01 HONG K 05670 180807Z

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 STR-04 IO-13

NSCE-00 SSO-00 USIE-00 INRE-00 /106 W

-----180817Z 057372 /23

O R 180717Z MAY 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC IMMEDIATE 4921

INFO AMEMBASSY BANGKOK

CINCPAC

AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L HONG KONG 5670

CINCPAC FOR POLAD

EO 11652: XGDS-2

TAGS: ECON, PFOR, US, VN

SUBJECT: WESTERN BANKER'S VIEW OF VIETNAM

SUMMARY: A WESTERN BANKER JUST BACK FROM HANOI REPORTS THAT THE VIETNAMESE ARE MORE CONCERNED WITH RECONSTRUCTION THAN IDEOLOGY. THEIR ECONOMY, PLAGUED BY LACK OF MANAGEMENT, IS IN A SHAMBLES. HOPE HAS BEEN ABANDONED FOR U.S. AID AND THEIR PRIMARY GOAL AT THE PARIS TALKS IS NOW THE LIFTING OF THE U.S. TRADE EMBARGO. END SUMMARY.

1. A WESTERN BANKER, RESIDENT IN HONG KONG AND WELL INFORMED ON THE VIETNAMESE ECONOMY, VISITED HANOI FOR THE FIRST TIME EARLY IN MAY. DURING HIS WEEK'S STAY, HE CALLED ON THE MINISTER FOR FOREIGN TRADE, SENIOR OFFICIALS FROM L E FINANCE AND LIGHT INDUSTRY MINISTRIES, REPRESENTATIVES OF THE BANK FOR FOREIGN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HONG K 05670 180807Z

TRADE, PETROVIETNAM, THE STATE PLANNING COMMITTEE, AND MANY AMBASSADORS AND SENIOR DIPLOMATS RESIDENT IN HANOI. THE FOLLOWING ARE HIGHLIGHTS OF HIS OBSERVATIONS PROVIDED TO ME UPON HIS RETURN TO HONG KONG.

2. VIETNAMESE OFFICIALS EXPRESSED FAR MORE CONCERN

FOR ECONOMICS AND RECONSTRUCTION THAN FOR POLITICAL IDEOLOGY. NO COMMENTS WERE MADE ON THE AMERICAN BOMBING, VIETNAMESE WAR DEAD OR ARTICLE 21. THERE APPEARED TO BE A REALIZATION THAT THERE WOULD BE NO U.S. ECONOMIC AID AT THIS TIME, AND THE PRIMARY HOPE NOW WAS THAT THE PARIS TALKS WOULD SUCCEED IN GETTING THE U.S. TRADE EMBARGO LIFTED. THE "VIETNAM COURIER EDITOR" IN PARTICULAR NOTED THAT THERE WOULD BE A PROBLEM EXPLAINING TO THOSE WHO LIVED THROUGH THE WAR THAT THEY WOULD NOT RECEIVE THE ECONOMIC ASSISTANCE HOPED FOR. EXPECTATIONS WERE NOW FOCUSED ON FOREIGN INVESTMENT, AND THE FOREIGN INVESTMENT CODE WAS FINALIZED ON APRIL 18 (COPY WILL BE SENT SEPTTEL).

3. THERE WAS MUCH SPECULATION IN DIPLOMATIC CIRCLES ON WHETHER THE U.S. WOULD BE GIVEN ITS OLD CONSULATE IN HANOI AND NOT HAVE TO WAIT IN LINE FOR A CHANCERY LIKE EVERYONE ELSE. IT WAS NOTED THAT THE BUILDING IN FACT WAS CLEAN, EXCEPTIONALLY WELL MAINTAINED BY HANOI STANDARDS, AND ONLY PARTIALLY OCCUPIED.

4. IN SETTING UP OTHER ECONOMIC PROGRAMS THE VIETNAMESE DO NOT HAVE THE MANAGERIAL OR PLANNING CAPACITY TO ACCOMPLISH THE ECONOMIC GOALS OUTLINED IN THE 1977 ANNUAL PLAN AND THE FIVE YEAR PLAN. SENIOR LEVEL OFFICIALS ARE FORCED TO DECIDE ON MINUTIAE, AND THERE EXISTS NEITHER THE CAPACITY

CONFIDENTIAL

PAGE 03 HONG K 05670 180807Z

NOR THE TECHNICAL ABILITY TO HANDLE MANY PROBLEMS EVEN AT SENIOR LEVELS. THE ECONOMY IN THE NORTH, ON WHICH THERE IS SOME DATA, IS IN A SHAMBLES, AND MANY ECONOMIC ASPECTS OF THE SOUTH ARE TOTALLY UNKNOWN.

5. THERE ARE SEVERE ASSIMILATION PROBLEMS IN THE SOUTH. TECHNICAL PERSONNEL TRAINED UNDER THE FORMER GOVERNMENT ARE FOR THE MOST PART STILL IN RE-EDUCATION CAMPS. NORTHERN CADRE, MANY OF WHOM HAVE MOVED INTO SOUTHERN VILLAS EQUIPPED WITH T.V.'S AND REFRIGERATORS, ARE BECOMING CORRUPT AND DIFFICULT TO CONTROL. ALTHOUGH MANY NEW ECONOMIC ZONES ARE BEING ESTABLISHED, RETURNEES TO SAIGON ARE CREATING PROBLEMS. WESTERNERS RETURNING RECENTLY FROM THE SOUTH REPORTED SEEING ARMY UNITS CLEARING AWAY RETURNEES WHO WERE CAMPING ON THE SAIGON STREETS.

6. IN CLOSING, THE BANKER NOTED THE SRV WAS CONFUSED AT THE OPERATIONAL LEVEL, BUT TRYING TO DEFINE ITS REQUIREMENTS AND PRIORITIES. IT RECOGNIZED THE NEED FOR FOREIGN HELP BUT WAS RELUCTANT TO COMMIT ITSELF TO TERMS CURRENTLY OFFERED. MANY IN HANOI STRONGLY BELIEVE THE U.S. WILL BAIL THEM OUT DIRECTLY OR INDIRECTLY. MUCH EMPHASIS WAS GIVEN TO ACHIEVING THE LIFTING OF THE EMBARGO. ACCORDING TO THE BANKER, THIS IS A POWERFUL BARGAINING TOOL AND PROBABLY THE ONLY ONE THEY WILL RESPOND TO. BECAUSE OF THE ATTITUDES AND APPROACH, AMERICAN COMMERCIAL INSTITUTIONS WILL TAKE A LONG TIME BEFORE THEY INVEST EVEN AFTER THE EMBARGO IS LIFTED.

7. COMMENT: THE ABOVE OBSERVATIONS WERE PROVIDED BY AN EXPERIENCED AND ASTUTE BUSINESSMAN WHO UNDOUBTEDLY RELATED AN ACCURATE ACCOUNT OF WHAT CONFIDENTIAL

CONFIDENTIAL

PAGE 04 HONG K 05670 180807Z

WAS CONVEYED TO HIM. WHILE WE ARE PREPARED TO ACCEPT HIS ANALYSIS ON ECONOMIC CONDITIONS, WE ARE SOMEWHAT SCEPTICAL OF HIS BELIEF THAT THE VIETNAMESE HAVE ABOANDONED HOPE FOR ECONOMIC ASSISTANCE. THE COMMENTS ON SRV OBJECTIVES IN THE PARIS NEGOTIATIONS MAY REFLECT MORE THE OPINION OF ECONOMIC TECHNOCRATS THAN THE INTENTIONS OF POLITICAL LEADERS DIRECTING VIETNAMESE MANEUVERS IN THE PARIS TALKS.
CROSS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, ECONOMIC CONDITIONS, ECONOMIC ASSISTANCE, BANKERS, VISITS, EMBARGOES
Control Number: n/a
Copy: SINGLE
Sent Date: 18-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK05670
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X2
Errors: N/A
Expiration:
Film Number: D770176-0652
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770545/aaaabmoc.tel
Line Count: 148
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dedee390-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2474602
Secure: OPEN
Status: NATIVE
Subject: WESTERN BANKER'S VIEW OF VIETNAM SUMMARY: A WESTERN BANKER JUST BACK FROM HANOI REPORTS THAT THE VIETNAMESE ARE MORE CONCERNED WITH RECONS
TAGS: ECON, PFOR, US, VN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/dedee390-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009